



STATE OF ARIZONA

JANICE K. BREWER
GOVERNOR

June 19, 2013

EXECUTIVE OFFICE

The Honorable Ken Bennett
Secretary of State
1700 W. Washington
Phoenix, Arizona 85007

Re: Senate Bill 1369 (unemployment insurance; reimbursable employers)

Dear Secretary Bennett,

Today, I vetoed Senate Bill 1369. The bill attempts to exempt reimbursable employers from having to compensate the State Unemployment Insurance (UI) Trust Fund for costs related to former employees in certain situations.

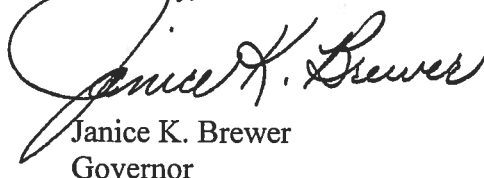
Since March of 2010, the State of Arizona has borrowed approximately \$1.5 billion from the Federal government in order to continue to pay the state's share of unemployment insurance benefits. As you will recall, the Legislature agreed to levy a Special Assessment on employers in 2011 and 2012 in order to help address the Trust Fund insolvency and avoid a higher Federal Unemployment Tax Assessment (FUTA) tax on employers. This year, House Bill 2173 further attempts to bring the Trust Fund back to solvency before the next FUTA penalty is assessed.

If implemented as intended, Senate Bill 1369 will negatively impact the State UI Trust Fund. The Department of Economic Security (DES) estimates that, if the changes proposed in Senate Bill 1369 were in place in 2012, the potential impact to the Trust Fund would have been \$5.4 million.

Senate Bill 1369 undermines the recent Special Assessment on employers and other efforts by the State and business community to bring the Trust Fund back to solvency.

These concerns are among the primary reasons I have vetoed Senate Bill 1369.

Sincerely,



Janice K. Brewer
Governor

cc: The Honorable Andy Biggs
The Honorable Andy Tobin
The Honorable Gail Griffin